

AUTHORISED EDITION.

# **LIBERAL FINANCE:**

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A REPLY TO MR. BONAR LAW.

**A SPEECH**

DELIVERED BY

THE RIGHT HON.

**D. Lloyd George, M.P.**

(CHANCELLOR OF THE EXCHEQUER),

AT

THE CITY LIBERAL CLUB, LONDON,

*On FEBRUARY 3rd, 1912.*

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PUBLISHED BY

**THE LIBERAL PUBLICATION DEPARTMENT**

*(In connection with the National Liberal Federation  
and the Liberal Central Association),*

42, PARLIAMENT STREET, LONDON, S.W.

—  
1912.

PRICE ONE PENNY.



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# LIBERAL FINANCE:

## A REPLY TO MR. BONAR LAW.

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MR. LLOYD GEORGE, *speaking at the City Liberal Club on February 3rd, said:*—My Lords and Gentlemen,—You are very good to come on a Saturday afternoon, when you might have been more profitably and pleasantly engaged on the golf course, to hear an address from me upon political and financial topics. The City is rather a chilly atmosphere for Liberalism. By the next election I trust we shall get rid of the refrigerating influence of the plural voter, and that the City will return to that Liberal allegiance which it owed in its palmiest political days. As I came along I read in a newspaper which is very brilliantly edited that there was a serious split in the Cabinet and specially a great feud between the Prime Minister and myself. It is very odd. We parted at six o'clock last night in the most cheerful and friendly manner. Some of us met this morning, and we were utterly unaware of the split. It must have been something which happened when we were asleep, because the Prime Minister and myself know nothing about it, and the Cabinet is happily unconscious of any feud of the kind.

### Recent By-election Results.

Our opponents at the present moment are elated with the result of a few by-elections. I remember that Mr. Labouchere used to say to us young fellows when we went up to him with the news of a by-election, when the General Election was three or four years off, and the country was coming our way, and we were going to win in a canter. Mr. Labouchere would say, 'Have you ever been to the Derby? You never can tell which horse is going to win by looking at the position of the horses before they reach Tattenham Corner.' Well, we are a long way off Tattenham Corner, and you can have no better illustration of that than the election that happened yesterday. In April, 1909, there was a by-election in the same constituency. We had a powerful local candidate, the Lord Provost of Edinburgh, who resided in that very constituency. He managed to win by something like 400 or 500. After a few months there was a General Election, when we carried the country by 120, and his majority went up to two or three thousands. It is rather premature to make a fuss about a few by-elections. In the



month of May I introduced a little non-contentious measure to the House of Commons, called the Insurance Bill, which was agreed to by both sides of the House, and has been mutually accepted by them ever since. Since that event we have had twenty contested elections in this country. We have had these elections in constituencies that represent every class—industrial constituencies, agricultural constituencies, every kind of constituency. Out of 20 elections we won 14, and only lost six. That does not look as if the country was going against us at the present moment. They say, 'These seats were held by Liberals prior to the vacancies.' They were constituencies where the Liberals were in possession in moments of Liberal triumph; if you look at 1895 you will find that in these constituencies eleven were held by Tories, nine only by Liberals. Now fourteen are held by Liberals, and only six by Tories. And had it not been for the split in Oldham there would have been fifteen by Liberals and only five by Tories. All I can say is this, that if they get inebriated by this kind of stuff, it is a very weak head that gets intoxicated by such a thin brew.

### **Mr. Bonar Law's Albert Hall Speech.**

They have recently changed their leader. For the old leader I have never concealed my unfeigned admiration. It is not merely now he has resigned; I have always expressed it when he was in full command. Anyone who wants to realise the loss to the tone and quality of public life which has been caused by his retirement has only to read the speech of his successor at the Albert Hall. He is an able man, but in that exhibition he did himself an injustice. Shortly before Mr. Balfour's retirement, I remember, at a Tory meeting where his leadership was attacked, one gentleman got up and proclaimed that they were suffering from too much intellect. Mr. Bonar Law, judging by his Albert Hall speech, is going to take care that they will suffer no longer from that malady. They are exceedingly delighted by this performance, and with one or two others. I remember in the House of Commons when, at the end of a great speech he said, 'The road to Hell is paved with good intentions,' they shouted: 'Is not that brilliant?' and 'How original! Nobody ever thought of that before.' He turned round and pointed to the Treasury Bench and said: 'You ought to be in gaol,' and they said, 'Wonderful!' At the Albert Hall, in a regular crescendo of vituperation, he said 'Dodgers,' 'Lunatics,' 'Gambling cheats,' 'Gardarene swine,' and they said in a perfect delirium of triumph, embracing each other, 'Balfour could never have said things like this.' Nor could he. It is what they have been accustomed to—the same familiar phrases, witticisms, jests, arguments that they have been accustomed to hear from their own respected members. It is so flattering to them to hear their own ditties sung by a prima donna on a great occasion. It is true that no idol ever succeeded for long in retaining the devotion of a



people if it was too much above their level. That is why Mr. Balfour did not succeed; that is why Mr. Bonar Law is succeeding. But I am not here to deal with his invective, but with his figures. His followers are creating a legend that whilst he is deficient in the higher arts of oratory, he has always got a firm grip on facts. So he has—a grip so firm that he never lets them go to his audiences. We who have had the privilege of listening to him a good deal in the House of Commons and of reading his speeches know that he is a clever man, but that he is about the most inaccurate politician on any Front Bench. And this speech rather illustrates it. He singles out the War Office and the Exchequer for attack. I will give you one or two illustrations of his facts.

### **His Charge against Lord Haldane.**

This is the charge he brought against Lord Haldane, and it is the most serious charge you can bring against a War Minister, and, therefore, ought not to have been made without very careful inquiries. He said: 'Our Regular soldiers are armed with weapons—and it is still truer of the Auxiliary Forces—which are utterly inferior to those of the armies of other nations, and, if the time comes when our soldiers are brought face to face with Continental armies, they will suffer in the inferiority of their weapons a handicap which no courage can overcome.' He charges us with being just as bad as our predecessors, and I cannot conceive a graver accusation than that. Well, first of all, it is untrue, and, if it were true, the responsibility is not ours. These weapons, such as they are—and I am assured what he says about their quality is absolutely inaccurate—were chosen with one exception by the Unionist Government. The rifle was chosen by the Unionists; the field gun was chosen by a Unionist Administration. The only weapon which was not chosen by them was the howitzer, and I am informed that that is the best weapon of its kind in Europe.

### **'Deserves to be hanged.'**

The *Times* has a word to say to him about this—it is too much even for the *Times*—and their very able and well-informed military correspondent says: 'When we are told by Mr. Bonar Law that the weapons of our Army are utterly inferior to those of other nations, the first thought that occurs to us is that some members of the Unionist Party deserve to be hanged, for our present rifle and our present field gun were both introduced by a Unionist Government.' Deserve to be hanged! That may be the reason why Mr. Bonar Law has suggested it, because there were certain members of the late Unionist Administration he does not want to be encumbered with if he ever comes to form one of his own, and he might have started the inquiry with a view to initiating a court-martial upon those people, and thus dispensing with any prospect of having to engage their services in the future. But what is to be said of a leader of a great party who brings an accusation



of this character against a Minister of the Crown without even taking the slightest trouble to find out what the facts were? I would rather not try to express my opinion in words upon it. My poor command of invective is inadequate. I could only use Mr. Bonar Law's language, but I am sure you will excuse me, and, therefore, I would rather leave the facts with you to judge for yourselves.

### **Mr. Bonar Law and Increased Expenditure.**

I come to his treatment of finance, and that is what I am mainly concerned with this afternoon. I think it is impossible to produce a parallel from the speech of any great political leader for the palpable and gross misstatements which he has made in regard to finance, and it is really difficult to explain how a man of Mr. Bonar Law's intelligence could have made them. He said: 'In six years they'—that means the Government—'have increased our national expenditure to the extent of £40,000,000 a year—(*cries of 'Shame'*)—or if you leave out old age pensions altogether, to the extent of more than £25,000,000 a year.' Take this as an illustration of his slipshod methods. The first thing he has overlooked is that prior to Mr. Asquith's term of office at the Exchequer most of the local taxation grants were paid direct to the local authorities. Afterwards they had to pass through the Exchequer account. No more money was paid under that head; it was purely a matter of book-keeping. The money thus paid, £8,000,000, was added to the aggregate expenditure by Mr. Bonar Law. Fancy a business man calling that an increase of expenditure. He never knew about this. It is what he would call a trifling error—only £8,000,000. There is another little error. The late Conservative Government was in the habit of borrowing money for purposes that really ought to have been met out of actual revenues. Mr. Asquith very properly changed that, and instead of borrowing money for all kinds of purposes he paid out of the current income of the year. That is rather a substantial difference. It is not a real increase of expenditure, but it is a much more honest way of meeting it. That brings the £40,000,000 down at once to something like £29,000,000, which is a trifling error of £11,000,000.

### **To what Items do the Tories object?**

Take the rest. I want to ask Mr. Bonar Law and his friends this. I am going to enumerate the items in respect of which expenditure has increased and ask Mr. Bonar Law to name one of them to which they object. If they do not object they have no right to cry 'Shame' at public meetings. The increase on the Navy is the largest; the expenditure has gone up by £7,750,000. First of all it came down, but for the whole period of the Liberal Administration that is the amount by which it has increased. I am entitled to ask Mr. Bonar Law: Does he denounce that item of expenditure? Do his friends cry 'Shame' on that? The next



item of increase is the Post Office. That has gone up something like £5,250,000. Why? Expanding trade, more letters, more telegrams. When we have Tariff Reform we shall save a good deal of that expense. Agreed! But meanwhile I am entitled to ask: Does he condemn that? It is true there is about £750,000 increase in the salaries—in the lower salaries—of those engaged in the postal service. I think I should like to ask Mr. Bonar Law whether he condemns that. It would be interesting to know it, and very useful. Now, there is education. Education has gone up by £3,250,000. Does he object to that? ('Yes.') I should not be surprised if he did. Increased expenditure on education I should not have thought was very advantageous to the kind of theories he propagates. The last item is roads. There is an increase of £600,000 upon improving roads. We have made the motorists pay for that. I do not observe much of a cheer for that—£600,000, and the money which has been spent upon agricultural development.

### **Tory Attempts to Increase Expenditure.**

I should like to know from Mr. Bonar Law or his friends which of these items he condemns. I will tell you. Four-fifths of those items he and his friends tried to increase in the House of Commons. With old age pensions, although they never gave them themselves, the moment we attempted to give them they tried to embarrass us by moving amendments for increasing the burden in every direction, and making it impossible. With the Navy they have always pressed us to spend more. Is it fair, is it honourable, to go to a great public meeting and hold us up to obloquy for an expenditure, most of which he not only did not condemn at the time we incurred it, but which he actually pressed us to increase?

### **'A Swarm of New Officials.'**

So much for that part of his statement. I now come to something which is still worse. He tried to explain where this £40,000,000 had gone. He did not say that the difference between £25,000,000 and £40,000,000 had gone to old age pensions. That is a slight inaccuracy of £2,000,000 a year; rather good for Mr. Bonar Law. It is only £13,000,000. But then he said, 'What about the rest, the £25,000,000?' These are his words, and as I do not wish to misrepresent him I will quote his actual speech. 'Where has the money gone? A large part of it—well, a considerable part of it—has gone to the creation of a swarm of new officials, who, like locusts, are devouring the land.' He then explained that the locusts devouring the land numbered in all a little over 4,000. Not a very large swarm. Let us see what this means. What is the implication of that statement? It has already been made by Tory speakers and the Tory Press. The suggestion is this: That the enormous increase in expenditure is largely attributable to the creation of new offices. Barely one-thirtieth of that expenditure is due to new offices—one-thirtieth. 'A great part of it,' says Mr. Bonar Law. No, barely



one-thirtieth. Suppose Mr. Bonar Law were at a meeting of shareholders, and there had been an increase in the expenditure of the year of £25,000, and Mr. Bonar Law gets up and denounces this, and says, 'It is largely attributable to the increase in the staff,' and the Chairman says to him, 'No, only £750 of it is attributable to that increase in the staff.' Don't you think the whole of the shareholders would rather treat his statement very lightly? This £750 out of the whole £25,000 would be attributable to an increase in the staff. Yet he tried to create the impression that a considerable part of it was due to that.

### **'A Political Spoils System.'**

But he goes on to charge us with political corruption. That, I think, is the most serious charge you can bring against any Administration. I cannot think of any worse. These are the words he uses: 'Remember this. Revolutionary Governments are always corrupt Governments. They have succeeded in six years in creating a political spoils system which already rivals that of the United States. But there is this difference. For years the people of the United States have been striving earnestly to put an end to that system. The Government have striven with equal earnestness, and with more success, to create it.' Just think for a moment what that means if the ordinary interpretation is to be placed upon words. What is the political spoils system of the United States of America? It means that when one party goes out and another comes in you turn out pretty well all the officials. The Consuls go, the Postmasters go, the Civil Servants are largely changed, and then you fill the vacancies with those who served your party. Does Mr. Bonar Law really mean to suggest that anything of that kind has occurred? If he does not, what does he mean by using such language? Probably, what he really means to suggest is that as far as these 3,000 or 4,000, or 5,000 new officials are concerned, we have used these new appointments for rewarding political services, and that we have just filled these offices with our own partisans. That is probably what he means. It is not what he says. But putting it in that modified form, it is absolutely and utterly untrue. And as it is a charge which is very frequently made—I suppose it is a charge which is much more often made from the Tory platforms than almost any other—I am going to ask your patience to listen while I am examining it.

### **Why New Officials were Necessary.**

There have been four Acts of Parliament passed during the lifetime of the present administration which have involved the creation of new offices—the Old Age Pensions Act, the Labour Exchanges Act, the Finance Act of 1909-10, and the Insurance Act. Three out of the four were accepted in principle by the Tory Party. The Finance Act was rejected, therefore they have no responsibility for that. In order to carry out the functions of any one of these Acts of Parliament it was absolutely necessary that



you should create new officials. The second thing I want you to bear in mind is that there was no Civil Service examination at the moment applicable to the new functions that were created, and that therefore you had largely to draw upon outsiders. In future Civil Service examinations can be set up which will enable persons to qualify for these posts, but they must be special examinations. You have not got them now, and we have had, therefore, to fill a very large proportion of these offices from outside the Civil Service. I think that is common ground, and that no one denies that the whole point is this—did we take advantage of that in order to job political partisans of our own into fat offices that we ourselves had created? Most of these fat offices, allow me to observe, are under £150 per annum.

### **Old Age Pensions Act Appointments.**

I will take the Pensions Act first. That is about the most cheaply administered Act ever passed by Parliament. I may remind those who criticise the Insurance Act that it was said at the time that the machinery of the Pensions Act was cumbersome, that it was a very badly drafted measure, and that it would hopelessly break down in working. There never was an Act that worked more smoothly. How did we fill the new offices under it? Exclusively from those who had passed examinations for the Excise. So far as I can find out, not a single official was appointed from outside. So there was no political partisanship under that Act; we will rule that out to begin with.

### **Labour Exchanges Act Appointments.**

The second case was the Labour Exchanges Act. There there was no Civil Service examination that would qualify, but Mr. Winston Churchill, who was then President of the Board of Trade, felt that it was very important that these appointments should be above suspicion of jobbery, and instead of appointing officials in the Labour Exchanges himself, he set up a committee for that purpose. They will say, of course, that was a very clever expedient, that Mr. Churchill is a very ingenious and clever man, and that he set up a committee as a kind of buffer. Let me tell you how it was constituted. It was a committee of three. The chairman was the chairman of the Civil Service Commission, appointed as an officer of that Commission by a Unionist Administration. The second member—and he was the only politician on the Committee—was Mr. Shackleton, one of the most respected of the Labour members. The third was a member of the Tariff Reform Commission—not a single member of the party to which the Government belonged. Can you imagine Tammany doing that? I don't think that is quite the method of the United States of America.

### **Finance Act, 1909-10, Appointments.**

Now I come to the Acts for which I am more particularly responsible. Under the Finance Act, the much controverted



Budget of 1909, there were new officials appointed for the valuation of the land of the Kingdom—a few hundreds. Neither the Prime Minister nor myself—we are both Treasury officials—ever interfered with a single appointment. The appointments were all made by the Inland Revenue, without ever being submitted to us. They were chosen, I need hardly say, upon merits. I should be the most foolish person in the world if I ever dreamed of appointing them for any other reason, because if I had filled the valuation department with political partisans without any regard to their merits, it would have been the one way to bring failure and discredit upon an Act of Parliament which I am personally concerned to see a success. I do not know what parties they belonged to. It was no concern of mine. But since these attacks have been made I have made certain inquiries, and I find that the vast majority of them are Unionists. That does not look like the methods of Tammany.

### Insurance Act Appointments.

The last Act is the Insurance Act. When that was passing through the House of Commons I gave an undertaking that the Government would take no part at all in any appointments, except the appointment of the Commissioners themselves and their four secretaries. I gave another pledge—and I ask you whether it sounds like Tammany—that a minute should be issued on the subject. Here is the minute: 'Any attempts made by candidates seeking posts of whatever nature or grade under or in connection with the Insurance Commission to enlist support for their applications on political grounds, or for political purposes, whether through members of Parliament or in any other ways, will be regarded as disqualifying such candidates for consideration or for employment by the Commission in any form.' Are those the methods of political corruption in the United States of America? ('No, no.') If they are, I don't see what there is to complain of. We have just appointed the Commissioners and the four secretaries; we have done no more. Who are they? Opponents may say: 'But, of course, you packed the Commission, and relied upon them to do the rest.' Did we? Take the English Commission—four of them. Civil servants, the secretary a Civil servant, and there is one politician. He used to be a Labour member, Mr. Shackleton. The rest are men who by their very occupation could not take part in political work. I have no notion what party they belong to, and I don't think anybody else has. It is their business to keep out of politics, and they have done it. There is no strong political partisan amongst them, from A to Z, not one of them. As for the Chairman of the English Commission, he is a gentleman who was appointed to a permanent post in the Civil Service by Mr. Balfour. He was associated with an Act of Parliament which was more detested by Liberals and Nonconformists than any other measure since the Five-mile Act. Was that his qualification? He is a very able, an exceptionally able, and energetic Civil Servant. That was why he was appointed, and for no other reason.



## **The Appointment of Welshmen.**

Mr. Bonar Law suggests that we have appointed politicians ; that we have appointed men of our own political way of thinking ; that we have used those Acts of Parliament for the purpose of bribing and corrupting. I ask him to name one of these Acts of Parliament under which such appointments have been made. He even goes further, and this is the meanest of his suggestions. He suggests not merely have we used them for that purpose but that we used them for the purpose of filling these offices with Welshmen. I should like to ask him, Where are they? There is no proof of it at all, except that they are competent and efficient. I am bound to consider that as *primâ facie* evidence, but beyond that there is none. But surely in our own country we are entitled to put Welshmen in public offices in Wales. I respectfully and very humbly submit that we are. But taking the Welsh Commission, there are only two politicians on it. One is the Progressive member of a County Council and the other is a Moderate on the London County Council. For what services is that particular politician rewarded?

## **Mr. Bonar Law's Innuendo.**

The real reason why he has done it is, I am afraid, too apparent. You find second and third grade politicians in the Tory Party always stuff their speeches with talk of this kind, and the baser kind of Unionist journal does it. You read what they say and what they write and print. It is the innuendo that we put up the taxes of this country by £25,000,000 and £30,000,000, crushing industry by their burdens. What for? Not for the Navy, not for the poor old people who have attained seventy years of age in the service of the State. Not for education. No, but in order to find jobs for Radical politicians. This is the innuendo. and Mr. Bonar Law has simply attempted to give official currency to what, if he had given a moment's examination to it, he must have known was a falsehood and a base charge against the Government of the country.

## **Myths about the Land Taxes.**

Then he comes on to my land taxes. What does he say about them? He said that I estimated the first year they would produce £500,000, but I have actually collected £20,000, which, he said, was a 'trifling error.' The cost of collection, he said, was £500,000. Ludicrously inaccurate. In the first place, I estimated they would produce £500,000, but considerable alterations and concessions were made in the course of the Committee stage, which undoubtedly have had the effect of postponing for two or three years the full fruition of those taxes. You had to give notices of a year, and there have been reasons of that kind which make it impossible for us to collect the undeveloped land taxes and the unearned increment for some time, and certainly not until the valuation is complete. But take all that into account, what have we collected? Not £20,000 in the first year, but £327,000, sixteen times more than he said. 'A trifling error.' The cost of collection, not half a million—£16,000. Another trifling error.



## Valuation and the Death Duties.

Of course, the valuation is costing money. Valuation is not collection. Any business man would have known that. When you are revaluing a Union for Poor Law purposes, no member of a Board of Guardians or a Parish Council would ever dream of putting the cost of valuation, which only occurs once every thirty or forty or fifty years, and charging that as if it were the cost of collection for every current year. The valuation of the whole of the United Kingdom is a huge job. It will take four or five years, but once it is done, it is done for your time and for mine, and done for many other things too. I will tell you one thing it has done for. It has done for the under-estimation of the value of suburban land for death duty purposes. We have collected more in consequence of that valuation, although it is incomplete, by £400,000 or £500,000, than we would have done without it. That is enough to pay the cost of valuation for the whole year, so even on that transaction the account is square for the moment, and by and by it will improve.

## The 'Complete Success' of the Budget.

Now, it is necessary to sweep away these myths, we will call them, because I do not want to use strong language, in order to get the real facts in regard to our financial position. What are the real facts? The Budget of 1909 has been attacked from every point of view. But there is one thing that I challenge any man who looks at the facts to deny. As a financial instrument it has been a complete success. After all, the main object of a Budget is to raise money. From that point of view it has been a complete and unqualified success. I was faced when I came to the Exchequer with a very heavy deficit. I was not responsible for it. What was responsible for it? Two items that the House of Commons as a whole accepted—not merely our Government, but the Conservatives—Old Age Pensions and the Navy. Naval expenditure had gone down for two or three years. Then came a great scare, up it went, and it has gone up, I think—I am quoting from memory—since then by £12,000,000. That is a huge sum of money to have to find. Old Age Pensions cost £13,000,000, and there were one or two other items. I knew that I was face to face with a deficit of £16,000,000 in that year, and a prospective deficit of anything between £25,000,000 and £30,000,000. That was a very serious position for a Chancellor of the Exchequer to find himself in, even if I had been a man of very great experience of the Exchequer—it was my first year.

## Socialism and Taxation.

But I was not the only Chancellor of the Exchequer in that difficulty. Germany was in that position. I think France was more or less in that position, and the United States of America was in that position. We had all to raise very considerable sums of money,



largely due to the increased cost of armaments. Let me remind those who attack the Budget and the Government and try to imply that it was a Socialistic expedient what happened in another country where another Chancellor was struggling with the same perplexities. The Conservative Party in Germany refused to allow the Chancellor there to resort to anything in the nature of the kind of taxation that I was resorting to here, so he was driven to other resources. What has happened? There has been an upheaval in Germany, and largely upon that Budget there has been a poll of four and a half millions of Socialists. That was a Conservative Budget which created four and a half millions of Socialists. I had a Budget attacked by Socialists. It is a favourite weapon of criticism against me, especially to quote Socialistic speeches and Socialistic articles denouncing me, whilst at the same time they charge me with being a sort of Socialist in disguise. If I had resorted to Conservative finance there would have been ten times as many Socialists in this country. And let me say quite frankly to Liberals that they must bear that in mind. It is the one way to create extreme Socialism in this country, to decline to advance on broad, sympathetic lines as far as the mass of the people are concerned. No one knows that better than the Socialists themselves, and that is why they always attack me and my legislation much more bitterly than they have attacked Conservatives.

### **What the Budget has Done.**

I had thus to meet a deficit, and I also took into account in framing my Budget that there might be other items of expenditure within view. I thought the best plan was so to frame it that the taxation would not merely meet the need of the hour, but meet the growing needs of the next few years, so that there might be no necessity for coming again to worry the taxpayer. What has been the result? The first year there were two or three of the taxes that did not come into operation through no fault of mine—and through no fault of the chairman—but at any rate we have met all our liabilities. We have met liabilities I did not expect at that time. The Navy went up beyond my anticipations—still I have met that increase. In addition to that we have given to the local authorities what is equivalent to a million and a half in pauper pensions which we did not expect. We have paid large sums of money for reducing the Debt. We have had a comfortable margin in addition to that, and I am facing the future without any fear of putting on fresh taxation. That is the Budget that failed.

### **The Tories and the Sinking Fund.**

But they say 'Yes; it is at the expense of the Sinking Fund. You are not paying debt as we did.' No; not quite in that way, but in another and more effective way. Let us examine that, because it is another of their favourite misrepresentations. How did they pay debt? They paid debt with quite a respectable Sinking Fund



—large, handsome, liberal—and then they went and borrowed so that at the end of the year, although the Sinking Fund might have been £10,000,000 or £11,000,000 they only just paid in balance about £4,000,000. They got the credit of a great Sinking Fund, and at the same time they got the advantage of borrowing money on the market and allowing us to pay for it. We are paying those debts now. That is their method. They squandered money everywhere which they borrowed in this reckless fashion. You cannot go to any quarter of the globe, but you find deserted and ruined barracks which they set up—one of them converted into a swimming bath—South Africa littered with them, not during the war, but afterwards. They lavished money, they threw it away, borrowing on the market, and we have been paying ever since.

### **National Indebtedness—A Comparison.**

What is the history of this Government which they have the face to attack in the papers as not paying debts? We have reduced the total indebtedness by a larger figure than any Government that ever administered the affairs of this country. That is a big statement to make, but I will give you the facts. Mr. Gladstone in his great days, between 1860 and 1866, reduced the national indebtedness by £16,000,000. Between 1880 and 1885 he and Mr. Childers reduced the national indebtedness by £31,000,000. Mr. Goschen, between 1886 and 1892, had the greatest record of all up to that date. He reduced the national indebtedness by £40,000,000. Then comes the Tory Administration of 1895 to 1905. In ten years they increased the National Debt by £136,000,000. These are the people who criticise us now. But then they say, there was a great war. Very well, we will leave the war on one side. Take the piping times of peace. They had seven years of peace and three years of war. During the seven years of peace they reduced the national indebtedness by £26,000,000—less than £4,000,000 a year. I am talking now of net reduction; that is the only thing that counts. Then comes the present Government. During our six years we have paid a net £61,000,000, largely due to the Prime Minister's finance. I can only plead that I had to meet a very exceptional strain, old age pensions and all those other heavy charges. But taking the finances since the Budget of 1909, when we had to impose heavy taxes to meet exceptional charges, since then we have been redeeming debt at the rate of £7,000,000 a year. That is net. For instance, this year I had to find £3,000,000 for the telephone. I am taking that out. It is not to build barracks in South Africa. It is for something which you get a return for. It is not a real charge, but I am deducting that, and but for that I should be paying at the rate of £8,000,000 a year. I am paying more by £3,000,000 a year in spite of these exceptional charges—paying their debts very largely—I am paying more by £3,000,000 a year than they did "in times of piping peace." And they have got the effrontery to charge the Liberal Government with not paying off debt. That is our record, and we are proud of it.



### **No Signs of 'Burdened Industry.'**

'Ah, but,' they say, 'you have burdened industry.' Well, now, you cannot incur huge expenditure without burdening somebody. They demanded expenditure on the Navy. We assented. They promised old age pensions. We gave them. How can you do those things without somebody paying, and whoever you tax he would always suggest someone else ought to pay. And when they talk about industry being crippled by our finance, about trade being over-weighted, what are the facts? We are saving more money this year than has ever been saved in the history of this country. What about trade? In the year 1908 before the Budget, unemployment in this country averaged nearly 8 per cent. This last year, 1911, after three years' experience of these crushing burdens, unemployment dropped to 3 per cent. Since 1908 our imports per annum have increased by £64,000,000. Our exports have increased by £77,000,000. I see no signs of an overstrained industry. I cannot even see symptoms of the bad winter that Mr. Bonar Law hailed with joy as the deliverer from the bondage of Free Trade.

### **The Question of Consols.**

Consols have fallen. True. But all Government securities throughout the Continent of Europe have fallen, and it is only an amateur in finance who would ever have dreamed of attributing that to Budgets. It is a matter for looking into, a matter for grave consideration, but clap-trap like that which was talked in the Albert Hall is no contribution; it confuses the issues. For Heaven's sake let us get at the truth and the facts. Do not let us mix our finance and our politics when we come to examine a problem of this kind. It simply leads people astray. From 1898 to 1905 there was a fall of 21 points in Consols. Since we came to power there has been a fall of 12 points, and yet the whole of that fall is on our shoulders. You might have imagined that up to the last hour of the Conservative Government Consols were rising, but the moment we came down they dropped like the gentle rain from heaven—or rather like a hail shower.

### **The Reasons for the Fall.**

Now what are the reasons? They are not political, or mainly political. As far as politics affected them, I tell you what affected them, the South African War affected them. You cannot borrow £140,000,000 on the market without putting down Government securities. You cannot borrow five or ten millions without putting down your Government securities, so the Irish Land Act, with the constant recurrence to the market, has also had the effect of depressing Consols. What else? One cause, which is political in the sense that Parliament is responsible for it, and a very important cause, is the widening of the area of trustee investments. The Conservatives are partly responsible for that; we are partly responsible for it. I will come to that by and by, because it is



very important, but what is the other cause? The reduction of interest for Government securities, whilst interest generally was going up. That was bound to affect Government securities. Had all interest been going down at the same time, then it might not have affected them injuriously, but whilst people are expecting a higher rate of interest for other things, to put down Government interest on Government securities must necessarily have a depressing effect on Consols. These are causes for which the Conservative Government was in the main responsible. I am not for a moment criticising or condemning them; I am just pointing out that for most of these causes they were responsible.

### **Trustee Investments.**

I will just give you an illustration with regard to trustee investments, which is a very important one. Before the year 1888, when Parliament started first of all widening the area of investment for trustee investments, trustees had securities which were worth £1,000,000,000 to choose from. That was all. Out of this £1,000,000,000 no less than £700,000,000 were Government securities, so a trustee choosing an investment under the Trustees' Investment Act had only £300,000,000 worth of securities outside Government securities to choose from. You see what the effect of that is. These £300,000,000 were not always on the market. If they wanted to go outside they had to wait until some of those securities came their way, and it was practically a method of forcing trustees to invest in Government securities. They had no option under these circumstances but to buy Consols, unless they were fortunate enough to pick up something which was outside the area, and these were put up also by the fact that there was a general restrictions. That was equivalent to a tax on trust funds under the Trust Investment Acts—a tax of anything from half to one per cent. upon trust funds, because the advantage was the advantage of the State. What happened? In 1889 came the Act of Parliament opening the door to other investments. That was a Tory Act. In 1893, when the Liberals were in, came another Act, further widening the door. By these Acts municipal stock, I think Indian stock, railway stock of certain kinds, were all brought within the area of the trustee who had no special powers in his trust instrument. Then came Mr. Chamberlain's Act of 1900, which threw open Colonial stocks to trustees.

### **The Results of the Trustees Investment Act.**

Let me show you what that means. Before the first of these Acts there were only £300,000,000 worth of securities outside Consols which a trustee could choose from. To-day he can choose from securities worth £1,800,000,000 outside Consols. Can anyone say that politics, Budgets, Chancellors of the Exchequer, have anything to do with a depression which is so plainly attributable to one palpable fact of that kind? The field has been widened six times



in the course of those few years. It is true that these Acts did not operate at once. They began to operate gradually. These stocks have continued to increase, and therefore they have had a continually depressing effect upon the value of Consols. It is no use making speeches about Budgets putting an extra twopence on the income tax, putting something on tobacco and whisky, and saying: 'That is what has depressed Consols.' Let us really consider this thing from the point of view of serious men who want to get at the bottom of it.

### **Another Cause.**

I will give you another fact which will show why during the last few years Consols have been injuriously influenced. In the years 1897-98 the South American States had not recovered their credit, and they were not a favourable area for investment. There was hardly any British money flowing into their coffers, and the field for investment was considerably limited abroad for these reasons. Therefore home investments were about the only opportunity for favourable investment for men who had money to spare. It had the effect of driving men into breweries. They took to beer, much to their cost. It accounted for the inflated values that were put upon public-houses and brewery shares in those days. I suppose that would be regarded as putting money into British industry. That was not the fact. No British industry was really developed or strengthened. Those who were promoting them did very well, so did those who held properties, but there was no developing of industry at home. Looking at the accounts of those years you might have imagined that scores of millions had been spent upon British industry. Nothing of the kind. As a matter of fact, if this money had been spent upon railways abroad it would have been better for British industry, because in the vast majority of cases orders come here and the money is really spent here. If you send millions of money abroad the cash is not shipped in a vessel. They all seem to think that people from the provinces bring their sovereigns to the City of London, that they are gathered together in bulk somewhere, and that then they are sent under a guard to a ship going to the Argentine and unloaded there. No cash passes at all. It is all in business, and we don't do business as a rule in this country without getting something out of it. The result is that at the present moment we have the largest trade we have ever had in the history of the Empire.

### **An Impartial Investigation of the Question Promised.**

Don't take it from me that I said the question of Consols ought not to be looked into. On the contrary, I think it ought. But let us have a judicial examination. Let us have a really financial examination, and not a political one. Let us have an examination where everybody can present his own view—and I



have not met two men who agree. There may be three or four parties in this country upon a question like Home Rule, but there are at least 100,000 on a question like Consols. I don't say they can all present their views, but let them at any rate submit their particular suggestions and remedies to the Exchequer. I will promise them a most faithful examination, most impartial consideration, and I will promise them from that examination all mere political bias will be eliminated. All I ask is that in their presentation of the case they shall do the same.

### **The Result of "Crabbing" British Credit.**

Two considerations I would, in conclusion, put to you on the question of Consols and finance. You cannot altogether take out of account when you are considering the position of Consols the fact that there has been a regular campaign to decry British credit. British securities; no good! British Government Securities, British Railway Securities; they are of no use! You must go abroad! Germany is the country! If you had a bank in a town, and you got some of the most reputable and respected citizens standing on the doorsteps saying: 'The credit of this concern has gone down steadily under the new management; the only place that is doing well now is that German bank across the road,' it would injuriously affect the credit of that bank; and if you had advice given to you privately, 'don't invest in the British concern,' if you had the newspapers constantly decrying the credit of that bank, and speeches delivered, of course it is bound to have a depressing effect. What I say is, to do that when it is injuring innocent people, when it is putting down the value of their property, and to do it callously and recklessly, not to serve a public and patriotic purpose, but a purely partisan purpose, is one of the most discreditable incidents in the history of the country. To say our credit has gone, our reserve is vanished, and that if we were confronted with an emergency we should be bankrupt, it is grossly unpatriotic, and it is utterly untrue. There was never a time in the history of this country when this country was better prepared to face any emergency which may come.

### **Expenditure on Armaments.**

But if you want really to effect an economy in finance, and we all do—who is it that rejoices in increased expenditure? The Government do not. If you really want to effect an economy you must arrest the growth of armaments. When the Unionist Government came into power in 1895 the aggregate cost of the Army and Navy—and that is only sixteen years ago—the aggregate cost was £39,000,000. When they left office, if you include what they called temporary borrowing, but which was really expenditure for the year, it came to £70,000,000, an increase from £39,000,000 to £70,000,000 in ten years. We honestly thought we could have put



it back, but pressure of events has been too great, and this last year our expenditure for the Army and Navy was £72,000,000—a gigantic sum, a hideous sum, when you begin to reflect how much there is that has to be done to remove human misery. Seventy-two millions! Are we at the end of it? Don't forget this. There are men applying great brains working assiduously to devise new machinery of slaughter, and however these machines may differ, they have all one common characteristic, that the newest is the costliest. It is but a short time ago when we shuddered at the thought that a single battleship cost a million pounds. They cost two millions now, and they are going on improving.

### **The Time favourable for the Arrest of Armaments.**

Let us here again face the facts. Until you remove national envies and jealousies and fears and suspicions, you will never arrest the growth of armaments. That is the first thing to do, and I believe that this is the most advantageous moment—in spite of a good many conditions which are adverse, this is the most advantageous moment to consider it. We are not alone in realising that danger may arise from the international atmosphere. In spite of circumstances which we all deprecate—recent events have had the effect of calling the attention of all nations, to the perils of the position. I am not going back upon any past circumstances. I am not going to defend the Government or to criticise others. I am not going to defend myself, or any part which I took. Why? Not because I am not prepared to do so, if I think it desirable, but because I am convinced that the more you go on justifying the more you keep up the irritation. There is one very favourable circumstance. Morocco, which was a constant source of irritation and exasperation between the Great Powers, has been settled. There has been an agreement, which has been to the mutual advantage of both France and Germany, and which has not been injurious to British interests, and, after all, the morrow of a dispute is not always the worst time to make up a difference.

### **Peace the Corner-Stone of Sound Finance.**

I believe it is in the interests of France, Germany, Russia, and ourselves that there should be a better understanding between the nations. I believe that with candour, frankness, and boldness, it is attainable, and the world would be better and richer for it. Taxes might be reduced. The money which would be saved on armaments could be devoted to developing the resources of the country, and improving the condition of the people. Money spent on education, on housing, on lifting the lot of the people, is a better and a more assured investment than any which can be produced. And I, in conclusion, would like to say this one word: The corner-stone of sound finance is peace on earth and goodwill amongst men.



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# On the Eve of the Autumn Sitting.

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A SPEECH

DELIVERED BY

THE RIGHT HON.

H. H. ASQUITH, M.P.

(PRIME MINISTER),

AT LADYBANK,

On OCTOBER 5th, 1912.

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PUBLISHED BY

THE LIBERAL PUBLICATION DEPARTMENT

*(In connection with the National Liberal Federation  
and the Liberal Central Association),*

42, PARLIAMENT STREET, LONDON, S.W.

—  
1912.

PRICE ONE PENNY.

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# On the Eve of the Autumn Sitting.

MR. ASQUITH, *speaking at Ladybank, on October 5th, 1912, said*:—We are now some way advanced in the twenty-seventh year of our connexion as constituency and member. I think this must be the twenty-sixth annual meeting of the Liberal delegates that I have attended here in this hall in Ladybank. I am glad to see so many old and familiar faces. We have with us still many of the veterans who have fought for Liberalism in this county during the lifetime of a generation. It is satisfactory to see also that they are backed up and supported by the younger members of the community, and from all I hear, I do not believe that during the quarter of a century or more that we have known one another the principles of Liberalism here in East Fife have ever been more firmly and widely embraced, more intelligently and zealously pursued.

## **Liberal Successes and Tory Blunders.**

Parliament, after a short vacation, reassembles on Monday to complete the heavy tasks which it has undertaken, and it is not inappropriate, I think, that I should this afternoon in a few words—as you know, I am on this occasion always brief—survey our domestic situation, past, present, and future. His Majesty's present Government is nearing the end of its seventh year of office, and during the greater part of that time I have had the honour to be at its head. We have, since we acceded to power, stood the ordeal of no fewer than three General Elections. That, I believe, constitutes what is called a "record," and I am bound to say that I think it would be ungenerous, and even unfair, if we did not, at any rate from a party point of view, acknowledge the debt of obligation under which we lie to our political opponents. Since Lord Salisbury retired ten years ago the history of the Tory Party presents an almost unbroken succession of political blunders. The catalogue is a long one, but it will suffice for my present purpose to select from it one or two of its most salient items.

## **Tariff Reform.**

First in point of date, there was Mr. Chamberlain's Fiscal Campaign of 1903—a campaign in favour of a return to the old and



discredited system of Protection, a campaign at first tolerated, then encouraged, finally, after many perturbations and vacillations, adopted as their own by the official leaders of Toryism. Its immediate result, as we all remember, was, in 1906, the most signal and disastrous electoral defeat that has befallen any political party in this country for more than 70 years—and, let me ask, what are its prospects to-day? In the whole area of the political garden there is no sicklier plant, carefully tended and well-watered as it has been, and as recent revelations show that it continues to be—there is no sicklier plant than Tariff Reform. I shall say something in a few moments about the recent by-elections, but one thing at any rate is certain, and, indeed, is not attempted to be controverted by the hardiest Protectionist—that is, they have not been fought, lost, or won on Tariff Reform.

### **The Lords' Rejection of the Budget.**

Take another case still more remarkable, I mean the rejection by the House of Lords, at the instance of the Tory leaders, of the Budget of 1909, perhaps the most colossal error in tactics committed in our time. What followed? Within two years—for only two years separated 1909 from 1911—within two years not only was the old constitutional doctrine that the House of Lords must not meddle with finance made a matter of statutory enactment, but the power of that House over general legislation, which has for two generations thwarted and mutilated Liberal policy, was reduced from an absolute to a merely suspensory veto.

### **Disregarded Warnings.**

Before I come to my third and last illustration to show that the same short-sighted recklessness is still supreme in the counsels of our political opponents, let me remind you that in both the cases I have cited they erred in spite of the most definite and most explicit warnings. I do not claim for myself any special powers of prevision or prophecy, but on both occasions it fell to my lot to play the part of Cassandra. In 1903 and 1904 I repeatedly pointed out to Mr. Balfour and to Mr. Chamberlain that they were heading straight for the disaster into which they plunged in 1906. In September of 1909 before the House of Lords had made up its mind whether or not to reject the Budget of that year—when, indeed, it appeared to me, and I think to most sane political on-lookers, to be incredible that they should take such a step—I said



at Birmingham that I would venture to predict that if they did so it would be found to involve issues far wider and far deeper than the mere right of the House of Lords to meddle with finance.

### **The Ulster Campaign.**

Both these warnings have been proved to be justified by the event, and now that I see them again on the verge of a capital mistake I will warn them once more. I need not say that I am referring to what is called the Ulster campaign. That which is called the problem of Ulster, wrongly so called, because Ulster is evenly divided on the subject, but which is popularly called and which for the purpose of the argument I will call the problem of Ulster in relation to the general question of Irish Home Rule, is serious, and indeed formidable. Neither I nor any of my colleagues have ever underrated its importance, nor have we ever spoken with anything but respect of the motives which inspire the opposition to Home Rule of the rank and file of the Ulster Protestants. We think their apprehensions are ill-founded in fact. We believe the safeguards provided by our Bill will be found in practice adequate and even ample, but we are now, as we always have been, as I said in the House of Commons, as I said when addressing a great meeting of Nationalists in the capital of Ireland—Dublin—we are now, as we always have been, ready to consider, and to consider in the most sympathetic spirit, any proposed extensions of those safeguards which are consistent with the governing purpose of the Bill—namely, the grant to Ireland of Home Rule in regard to purely Irish affairs.

### **The Tory Leaders and Ulster.**

If ever there was a case which required, and which would have repaid serious and statesmanlike presentation and handling, it was this case of Ulster. How in point of fact has it been and is it being treated by the responsible leaders of the Opposition? I do not dwell for more than a moment on the organised demonstrations that have been going on during the last fortnight in the north of Ireland. As an index of local opinion and feeling, they have revealed nothing which was not perfectly well known before. If, as I suggest was the case, they were intended to impress Great Britain, I speak, as I think you will agree, moderately when I say that their promoters would have been better advised to omit a number of items on their programme which have offended both the good taste and the good sense of Englishmen and of Scotsmen.



### **What the Position of the Tory Leaders is NOT.**

I do not dwell upon that, because I want to make clear to you and to all outside what is the central position now taken up, assented to, and adopted in letter or in speech by all the responsible leaders of the Tory Party. Let there be no mistake about it. It is not now, whatever it may have been, a question of a demand for the separate treatment of Ulster or of any part of Ulster. That has been expressly repudiated. It is not now, if it ever has been, a question of increasing or strengthening the safeguards provided by our Bill against even the remote possibility of religious or political oppression. It is not even a question whether the people of Great Britain, through their elected representatives, have approved, or would, if again consulted, approve of the grant of Home Rule which is desired and demanded by nearly four-fifths of the population of Ireland. All these things have gone by the board.

### **What the Claim now is.**

The claim now made is that the Ulster minority—let us have it perfectly clear---has a right to say that under no conditions will they consent to Irish Home Rule, and that that is a right so sacred and so indefeasible that, whatever be those conditions, they are entitled to resist, and, if need be, to resist by force, the grant by the Imperial Parliament of self-government to Ireland as a whole. I need not tell you, I need not tell the people of this country, that the Government and the Parliament of the United Kingdom are not going to bow to such a threat.

### **A Negation of Democratic Government.**

But what are we to say to its utterance and its deliberate endorsement by the responsible leaders of what used to be called the Constitutional party? In plain language, the claim put forward is a negation of the first and the root principle of democratic government. What do I mean by that? In a democratic country such as ours, no law can pass on to the Statute-book without the consent of the majority of the elected representatives of the whole people. Democracy supplies in this way what never existed before, a safeguard and sanction for the sovereignty of law; for if a law is bad, if it is proved by experience to be injurious in its working or oppressive in its operation, if it was passed by representatives who misconstrued or perverted the mandate they had received from the



people, it can always, by the same machinery which passed it, be altered, amended, or repealed. By the Parliament Act of last year we have provided that the veto of the Second Chamber can only be overridden if a law is passed in three successive sessions, and by shortening the duration of Parliament to five years we have provided further means which never existed before of frequent appeals to the electorate, and of more effective opportunities for revision, and, if necessary, of repeal.

### **“A Complete Grammar of Anarchy.”**

To say that in a country so governed, a small minority is to have what used to be called in the old days of the Polish Constitution—the worst Constitution ever invented by the perverted ingenuity of man—a *liberum veto* to be enforced in the last resort by civil war, that is the latest extravagance of what was once the Conservative Party. I want to say this to them, because I am still sounding a warning note, do not let them imagine that they can confine their new doctrine to the case which happens to be politically convenient to them at the moment. The reckless rodomontade at Blenheim in the early summer, as developed and amplified in this Ulster campaign, furnishes for the future a complete grammar of anarchy. The possession of a conscience and a repugnance to obey inconvenient or objectionable laws are not the monopoly of the Protestants of the North-East of Ireland. This new dogma, countersigned as it is now by all the leading men of the Tory Party, will be invoked, and rightly invoked, cited, and rightly cited, called in aid, and rightly called in aid, whenever the spirit of lawlessness, fed and fostered by a sense whether of real or of imaginary injustice, takes body and shape, and claims to stop the ordered machinery of a self-governing society.

### **If the Tories were to Kill the Home Rule Bill.**

Gentlemen, do not let them forget this—if they were to succeed—they will not succeed—in preventing the passing of the Home Rule Bill into law, what possible answer have they to make to the four-fifths of the Irish people, whose long-cherished aspirations would have been frustrated and defeated, despite the fact that they represent the overwhelming opinion of the majority of their fellow-countrymen, and of a large majority of the representatives of Great Britain, what possible answer would they have to make to these men if they were to say in their turn, “We will take the law



into our own hands. You have refused us our elementary rights; it is no longer open to you to say, 'you must respect what Parliament has done.' "

### **The Home Rule Bill to be Passed.**

A more deadly blow—I say it with the utmost deliberation and with the fullest conviction—a more deadly blow has never been dealt in our time by any body of responsible politicians at the very foundations on which democratic government rests. If I thought it right to take serious note of this latest phase in the evolution of the Tory creed, it is not, I need hardly say, because I think it has any direct bearing upon our plans or our policy. Our intention remains, what it has been throughout, to place this Bill on the Statute-book of the realm.

### **Home Rule at the Last General Election.**

There is nothing in history, so far as my reading of history goes, more certain than that it was assumed or asserted, or both, in all quarters, and by all parties, at the last General Election, that legislation on those lines would follow immediately on the passing of the Parliament Act. That election, when it was completed, showed, as the House of Commons still shows, that in support of such legislation we have, as I said a moment ago, four-fifths of the representatives of Ireland and a substantial majority of the representatives of Great Britain. The suggestion made in some quarters, and endorsed again by high Tory authority, that by placing this legislation earlier in point of time than the reconstruction of the Second Chamber, which was contemplated by the preamble of the Parliament Act—the suggestion that by so placing it we have repudiated or are repudiating a debt of honour—is, I need not tell you, transparent nonsense. There is not a responsible politician in any quarter of the political world—I will go farther, and I will say with complete confidence there was not an elector who recorded his vote at the General Election in 1910—who expected or believed or suggested anything of the kind.

### **The Government and House of Lords Reform.**

I have said in the House of Commons, and I do not need to repeat here, that it is our intention to carry out the promise contained in that preamble—to carry it out if time and opportunity allow, in the lifetime of the present Parliament, for, be it observed, to leave aside all considerations of honour and of consistency, we



have a direct political interest in so doing. The Parliament Act ceases to have any practical operation at all when you have a Tory majority in the House of Commons, but when you have a Liberal majority in the House of Commons, as we have to-day, the Parliament Act interposes most serious powers of obstruction and delay at the instance of the Second Chamber in the carrying out of the wishes of the chosen representatives of the people. In our opinion, the present Second Chamber is singularly ill-equipped for the exercise of those powers, and therefore, as I have said, from the lowest point of view, that of mere party expediency, we have every possible motive for putting a better depository and custodian of those powers in their place.

### **The By-Elections.**

It is said, however, that our moral and political authority to persist in our policy and to pursue our programme is invalidated by the signs of popular disapproval and discontent afforded by the by-elections. What is the fact about these by-elections? Let us examine them for a moment. This Parliament, I must remind you, is not yet two years old. It was elected in December, 1910. Since that time there have been 41 contested by-elections, and in the case of those 41 seats no less than 32—such are the fortunes of electoral war—were held by Liberals at the close of the last election. In these 41 contests we have lost eight seats, one of these, Cheltenham, I think, by a majority of four; and in the case of three of the eight seats—namely, Oldham, Crewe, and the latest, but not least significant, Mid-Lothian—there were three-cornered contests, and the combined Progressive vote was greater, substantially and largely greater, than that of the Conservative member returned. If you look at the votes polled, they are somewhat remarkable. In those 41 contested by-elections the total Liberal and Labour vote—I deal only in round numbers—was 250,000, and the total Conservative vote 209,000—in other words a majority of 41,000 for Liberal and Labour. If you leave out the Labour vote altogether, the total Liberal vote in these elections was 223,000, as against 209,000 for the Conservative, showing a Liberal majority of 14,000. Remember these facts—they can easily be verified—when these by-elections are pointed out and described, as I think they have been by no less a person than Lord Lansdowne, as an unexampled demonstration of popular uprising against the Government of the day. Let us get down to the sober level of actual fact, and we find



that in two years we have lost eight seats, and in three cases out of the eight the present Conservative member is a minority member and that in those three cases an overwhelming majority of votes was cast for the candidates who were in favour of Home Rule.

### **The Duty of the Moment Plain.**

I do not think we need disturb ourselves very much about the by-elections, but we have to look, as I said at the outset, not only at the past, with which I have dealt, not only to the present, with which I have been dealing, but also to the future. For the moment our duty is plain. It is to pursue our policy, to complete the task which we told the electors when we asked them to give us authority to pass the Parliament Act we intended to achieve. But in looking forward to the future I must point out to you—and perhaps here the question of the by-elections again becomes relevant—that during these seven years that we have been in power we have pursued concurrently and simultaneously a policy of political and of social reform.

### **The Insurance Act.**

In the sphere of social reform we have set on foot—and it is now so firmly established that by universal agreement it is never likely to be disturbed—provision for the necessities of old age. We followed that up by the Insurance Act of last year. There is no single honest or fair-minded observer and critic of these by-elections of which I have been speaking who does not admit that the main cause—not so much for the increase in the Conservative poll, which has been small, but for the defections, such as they have been, in the Liberal poll—has been the temporary unpopularity of the Insurance Act. Indeed, I saw only yesterday, in one of our great organs of opinion, an organ of opinion hostile to us, the statement of a very shrewd observer and commentator that if a General Election through a dissolution of Parliament were to take place to-morrow, whatever politicians might say or might try to do, the election would really be fought upon the Insurance Act. We never were under any illusions about the Insurance Act. We never thought certainly that in the earliest years or months of its existence it would be a popular measure. People have got to accustom themselves to new states of affairs. They have got to contribute without any immediate prospect of seeing any return for their contributions—always an irksome and an unpleasant situation.



### **The Tories and the Insurance Act.**

There have been masses of misunderstandings. There has been plenty of misrepresentation. There has been the hostility of interests of one kind and another who found themselves disturbed, or at any rate inconvenienced, and, as they thought, menaced, in their pecuniary position by the provisions of the new Bill. All that, time and experience will clear away, and—I never made a prediction with greater confidence than this—the Tory Party, who from an electoral point of view are living entirely upon nothing but the temporary unpopularity of the Insurance Act, before two years are over—I will not say will be ashamed of the attitude they have now taken up, because in politics shame is as rare a thing as gratitude—will be coming down here and to the other constituencies in the country saying, “We always said this was a non-controversial measure. We did not vote against the second reading. We approved of its principle. We may have criticised one or two of its details, but it is now part of the common heritage of all parties in the State. Let us all contribute and take advantage of it, and claim credit for it.”

### **The Government and the Land Question.**

But the Liberal programme and policy of social reform, which I have said we pursued concurrently with that of political reform, is not exhausted and closed when you have given old age pensions and established your system of national insurance. There are still evils to be remedied, evils which go down to the very root of our national life, and among them none are more conspicuous or more urgently in need of sane and sound treatment than those which group themselves round the question of the ownership and the use of land. I have been out of the country for some time, but on my return I see some very extraordinary statements made as to the position of the Liberal Party and the Government in relation to this question of the land. I read about supposed divisions of opinion in the Cabinet. I see one set of ministers labelled as friends and another set as opponents of some nebulously defined policy. I see even suggestions that particular ministers have contemplated, or are contemplating, forcing the hands of their colleagues, or stealing a march upon them, by entering upon special and individual propaganda of their own. I have no doubt these statements are repeated in good faith by those who circulate them, but I venture to tell you here to-day—and if anybody knows I ought to know—that they are



absolutely destitute in every particular of any shadow of foundation. I have at this moment no authority—and if I have no authority certainly nobody else has, or will claim to have—to announce the policy and projects of the Government in regard to land. That policy will be announced after, and not before, it has been considered and approved by the Cabinet as a whole.

### **The Single Tax.**

One thing, however, I will say—as it seems necessary to repeat what has been said before, which I have said already in the House of Commons—and that is that whatever the proposals of the Government may be, they will not embrace what is called the policy of the single tax, which to my knowledge has not a single supporter in the present Cabinet—and which, in my opinion, and I believe in the unanimous opinion of my colleagues also, by singling out for the purpose of bearing the whole burden of taxation land, to the exclusion and to the relief of all other forms of property, is consistent neither with justice nor with expediency

### **The Importance of the Land Problem.**

While, as I have said, I am not here to make any announcement of what the policy, the ultimate proposals, of the Government will be in regard to land, I welcome to the full the discussion and ventilation of the problem in all its aspects. Nothing but good can come from everybody contributing from the stores of his own knowledge, observation, and research to the common stock of discussion, and I do not believe there is anyone among us who is actually acquainted with the conditions of urban life and rural life in this country who does not recognise that the first and the most important step which is now to be taken towards raising the level, not merely of comfort, not merely of refinement, but of civilisation itself, is to improve the conditions under which the less well-to-do classes of our fellow-citizens are housed to carry on their daily work. You will not find the solution of that problem in what is called the nationalization of the land. You will not, in my opinion, find a solution, or anything more than a very partial and halting attempt at a solution, in the artificial creation upon a large scale of private ownership by the aid of the State. You want to go down to the very roots of the question, and after patient and careful examination, by measures which will not impair the stability of property, which will not confiscate the rights or the interests of any individual or



any class, to see whether the co-operative energies of the State, of the community at large, cannot be brought to bear in removing that which is by far the greatest blot upon our civilisation and our humanity.

### **"Clinging to Office."**

We have, as I said at the opening of my remarks, now held office in this country for seven years. There are some people who seem to think that office is such a desirable thing that people will cling to it in defiance of their convictions and at the sacrifice of their honour. You, my constituents here, know very well that that is not my view. Office is a great burden, a great responsibility. It means constant, harassing, insistent anxieties and cares. I do not believe there is anyone who has had long experience of it who has not felt, at moments at any rate, a desire, a natural desire, for release. If I were satisfied, if I saw any reason to believe, that the Government of which I am the head had ceased to retain the confidence of the people of this country, it would be without the slightest reluctance that I would give back the office that I at present hold.

### **The Government and its Task.**

But I see no such sign. I am certainly not going to give up—nor are my colleagues going to give up—the task to which we are bound by every obligation of conviction and of honour because of two or three snap divisions in the House of Commons—or some half-dozen adverse by-elections, about which the only thing that is certain is that they were not fought upon any issue now before the House of Commons. So long as we possess—and I believe the Session which is now about to be resumed will show that we do possess—the confidence of the chosen representatives of the people in a Parliament which, as I have said, is still less than two years old, nothing will induce us to be slack or lethargic in the redemption of the pledges and the performance of the obligations which you imposed upon us, and I ask you, my constituents here and my fellow-Liberals outside throughout the length and breadth of the kingdom, to give us, in the arduous remaining months of this exacting Session, the continued proof of that loyalty and confidence to which we owe so much.